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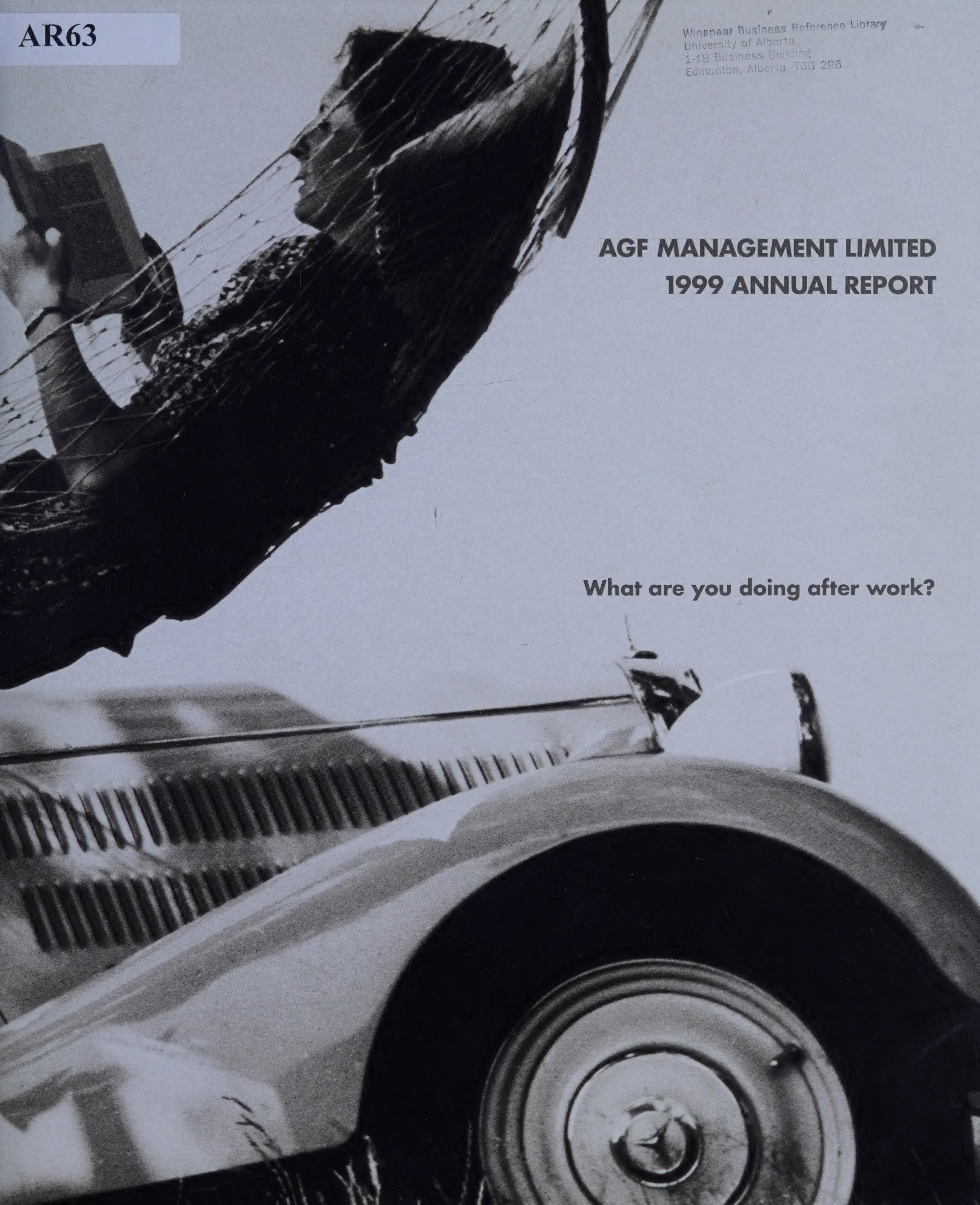
AGF MANAGEMENT LIMITED
1999 ANNUAL REPORT



What are you doing after work?


Whatever you want.

"The corporation reached new heights this year as a result of our commitment to innovative products, superior investment returns and new international initiatives. I believe AGF is soundly situated to continue to provide shareholders with attractive returns."

C. Warren Goldring, Chairman

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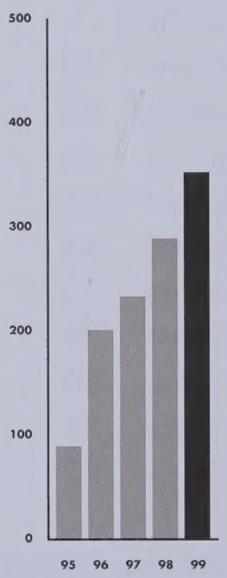
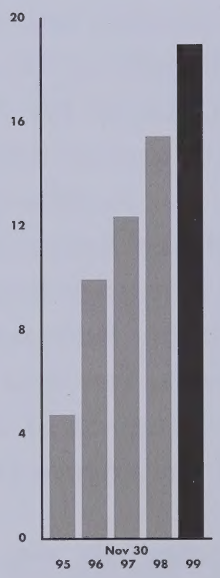
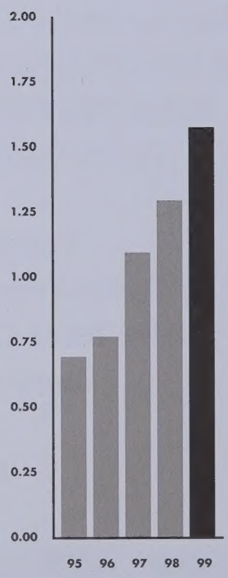
1999 Financial Highlights



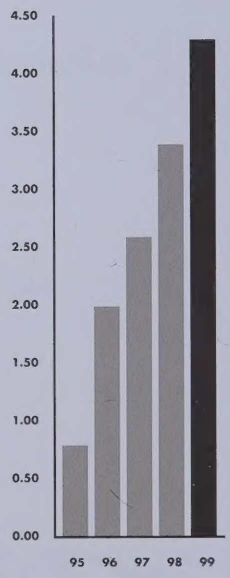
TOTAL REVENUE
millions of dollars



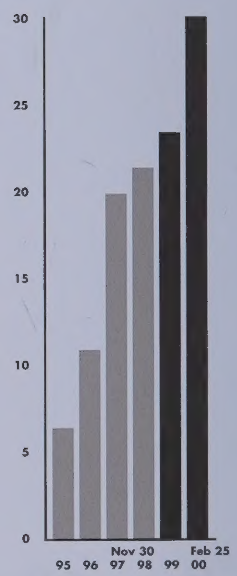
ASSETS UNDER MANAGEMENT
billions of dollars



NET INCOME PER SHARE
dollars



CASH FLOW FROM OPERATIONS PER SHARE
dollars



SHARE PERFORMANCE
dollars

Message to Shareholders

This year's annual report conveys the aims and aspirations of Canadians as they invest for the future and strive for goals that will take them across borders to new places and new dreams.

The dreams and goals of the nearly one million Canadians who entrust their investments with AGF serve as an important catalyst for us to seek opportunity, anticipate challenges and make inroads into the global marketplace.

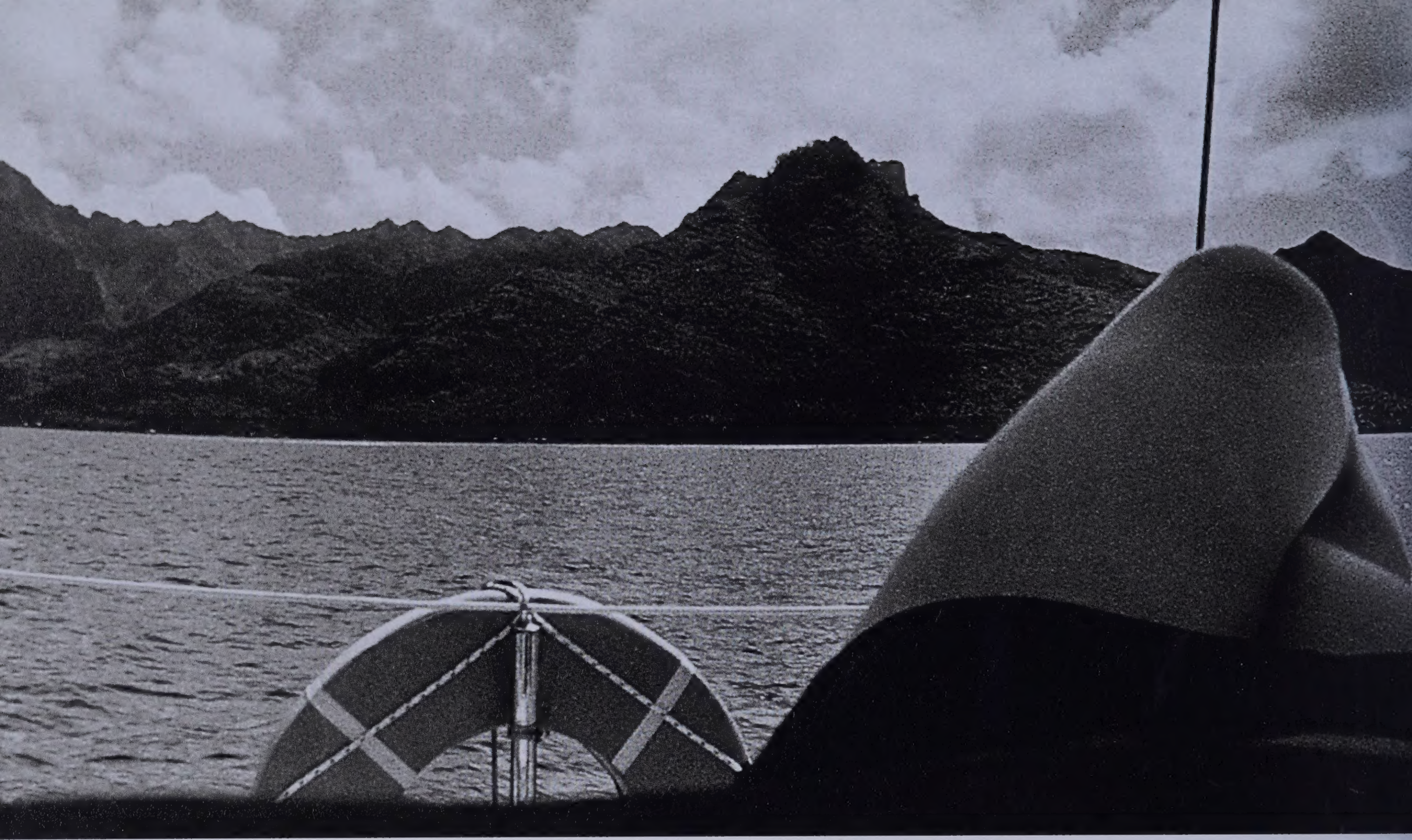
Over the last year, we continued to build on our momentum of success and to strengthen AGF's position in an increasingly competitive market. As we enter the new century, AGF is successfully implementing new strategies in Canada and abroad to lay the foundation for another strong year and for the future.

At AGF we offer investors a fresh perspective on the future. We pose the question 'What are you doing after work?' because we want to underscore our commitment to help Canadians reach any destination, any goal or any dream throughout their lifetime.

For our achievements over the past year, I want to thank our employees personally for their energy and effort. I also want to express my appreciation to the directors of the company and the directors of our funds for helping to ensure AGF enjoyed another record year in 1999.

Blake Goldring

Blake C. Goldring, CFA
President and Chief Operating Officer



Driving Success

The year 1999 was a stellar year for AGF on all fronts, despite market volatility and a sharp downturn for the industry.

In financial performance, AGF achieved record returns for the fourth straight year in total revenue, cash flow from operations and net earnings. To reflect higher earnings and cash flow, AGF increased the quarterly dividend rate by 14.3 per cent in June, from seven cents per share to eight cents per share, for an annualized dividend rate of 32 cents per share.

We surpassed targets in mutual fund assets, which grew 25 per cent to $19 billion, and market share, which increased 48 basis points to 5.20 per cent. In December 1999, we celebrated a new threshold of $20 billion in assets under management.

This success is driven by excellence in fund performance, consistently strong sales, an explosion in brand awareness through our innovative ad campaigns, and strong administrative services supported by the effective use of advanced systems and technology.

We expanded our network of financial advisors who recommend AGF funds and services to a total of 31,000 across the country. And we've gone one step further to build new distribution bridges with Canada's largest mutual fund company, Investors Group Inc., and with several of Canada's most prominent financial institutions, including Toronto Dominion Bank, CIBC and Bank of Montreal.

At year end, our wholly-owned subsidiary AdminSource Inc. administered more than 440,000 third-party unitholder accounts with assets under administration of approximately $7.3 billion, an increase of $1.9 billion over last year.

AGF Trust Company grew total assets by 20 per cent with an expansion in lending, including a pilot Investment Loan Program offered in Ontario. We are now working to obtain the necessary approvals to offer this product through independent financial advisors across the country.

AGF implemented a new corporate accounting system to improve accountability and facilitate more stringent cost control, and we fulfilled our commitment to streamline order processing and improve client services by exceeding service level standards.

We were also able to anticipate and adapt quickly to trends and challenges in the marketplace. Building on AGF's acknowledged strength in global equity fund management, we developed and introduced five fully RSP-eligible foreign equity funds to meet the needs of Canadian investors looking for greater foreign exposure in their retirement plans.

Preparation for Y2K and the subsequent smooth transition into the new century posed a unique challenge and opportunity for the company. A dedicated team of professionals across the company were brought together to work towards Y2K readiness. Not only did they successfully achieve their Y2K goals, but as a group they developed new practice models that can be applied to achieve company objectives in the future.

Our international presence in Dublin, Singapore and London continues to provide valuable and multifaceted perspectives on money management. Unique among Canadian mutual fund companies, AGF's global subsidiaries allow us closer focus on foreign markets to benefit investors.

New Horizons

From this platform at the start of a new century, AGF is moving outward to reinforce our strong position in Canada and to develop foreign markets with a vision as a truly international money management firm with a Canadian home.

Expanding on our profitable operations in Dublin and Singapore, we are selectively exploring markets where our expertise can be effectively utilized. With our investment in U.K.-based private client asset management firm NCL (Securities) Limited, AGF is actively seeking opportunities to strengthen our presence in Britain.

We will also intensify our commitment to new technology in order to keep a sharp competitive edge and strengthen our relationships with the dealer network and clients. Our plans include advancing our current systems to improve quality and controls and expanding our value-added electronic initiatives on the Internet.

The priorities and dreams of our investors are also shaping the way we provide products and services. We believe strongly in managing money to meet the individual needs of investors as they move through life to reach their financial goals. With our 44, and growing, mutual funds, our successful wrap product Harmony,

new business initiatives in Private Investment Management and AGF Trust, we are positioning ourselves to stay with investors throughout their lives and provide wealth management services that meet their needs.

As we head into this first year of the new millennium, we believe that the current market environment will become more challenging as a result of rising interest rates, intense competition and higher costs of doing business. Markets remain volatile and focused, which requires great skill and discipline in stock selection on the part of our fund managers. In this environment, we believe that investors need the guidance of experienced fund managers and expert financial advisors as never before.

Over the year, the pace of acquisitions in the industry will quicken and it is our belief that we are ideally situated to benefit from transformations in the industry. AGF has the financial resources and management skills to play an important role on this front.

AGF will build on this world of opportunities in the coming months as we execute our plan for growth in Canada and in new markets abroad. Our superior investment management, our innovations in products and services, and our focus on the future give us a strong framework for success.

Focus on Fund Management

AGF's fund management capabilities continue to form the cornerstone of the company's success. At year end, 79 per cent of our assets under management had performed above the median based on three-year rates of return.

We expanded our range of products to offer investors a

diversified family of 44 domestic, international and specialty funds that focus on a variety of investment objectives and management styles across a broad range of markets. To ensure a global focus, AGF maintains a team of advisors and portfolio managers in the key foreign markets of London, Dublin and Singapore.

We developed a new set of fully RSP-eligible foreign funds that build on our expertise in foreign fund management and offer investors exposure to a full range of international holdings within their retirement portfolios. These funds include AGF RSP American Growth Fund, AGF RSP American Tactical Asset Allocation Fund, AGF

RSP European Growth Fund, AGF RSP Japan Fund and AGF RSP International Value Fund.

During the year, we continued to build in-house depth in international equity, Canadian equity and derivative disciplines. AGF Canadian Stock Fund outperformed the TSE 300 stock index for the

third year running – one of only three Canadian equity funds to do so.

AGF was selected by Investors Group Inc. to manage several equity mandates. Our expanding distribution channels with Canadian banks have further highlighted the demand for top-level fund management and investment performance.

This year, Steve Rogers, manager of the flagship AGF American Growth Class, was named U.S. Equity Manager of the Decade, while AGF American Tactical Asset Allocation Fund was singled out as Mutual Fund of the Decade. AGF International Value Fund was voted Best Global Equity Fund of the Year.

Focus on Sales

Strong sales continued to propel AGF's success during the year – a result of coordinated efforts on all fronts. We've expanded our network of advisors and we were able to quickly develop funds to meet the demand of the product cycle, such as the fully RSP-eligible foreign funds.

Despite steep declines in sales across the industry, AGF experienced strong net sales during the year. Fiscal 1999 saw net sales for AGF of $2.06 billion, a 10.7 per cent share of the industry's net sales. While net sales for the industry dropped 47 per cent year over year, AGF net sales were down only 6.6 per cent.

AGF also enjoyed one of the lowest redemption rates in the industry at 11.1 per cent, compared with 27.2 per cent across the industry.

Our network of financial advisors has expanded to a total of 31,000 across the country. This increase demonstrates a marked shift towards the full service advice distribution channel. The next challenge will be to capitalize on our existing dealer network to earn a greater share of their business.

Sales force automation has also enabled our sales teams to work more efficiently and effectively, and to support our team of strong and dedicated sales professionals.

The Harmony wrap program, for clients with a minimum of $70,000 to invest, has been reinforced by the introduction of two new investment pools and the development of a rebalancing service.

For the coming year, we are already expanding our sales team to maintain a competitive advantage within the industry and plans include a new sales office in western Canada.

We are committed to the wealth continuum to ensure that we have the right products and services for each stage of the investment life cycle.

Focus on Client Services and Administration

Professionalism in client services and administration is a key business driver and AGF is continuing to improve and streamline client service capabilities.

In an external survey of client services in Canadian mutual fund companies, AGF was first place among large companies and is situated within the top quartile for the industry as a whole.

An ongoing external Customer Satisfaction Tracking program has demonstrated continuous improvement in the quality and timeliness of order processing, telephone call handling and problem resolution. The result is an increase in the overall satisfaction of doing business with AGF.

During the past year, electronic order processing consistently surpassed 60 per cent and our established service level standards for order processing and client services were met or exceeded each month. To highlight our commitment to reduce costs for our clients, we have implemented procedures that have lowered the expense ratio attributable to administration by 14.5 per cent. We have cut overall costs by three per cent.

We will continue our focus on giving AGF clients the best customer service and strive to be the premier administrative provider in the industry. In addition, we are taking measures to further increase electronic order delivery and processing, keep service levels high, reduce expenses, and collaborate with AGF's Information Technology group to take full advantage of new developments in systems and technology.


Focus on Corporate Services

AGF's ability to attract and retain employees is an important measure of our success and vitality as a company. As a reflection of the company's growth over the year, the number of employees has increased and our retention rate remains high at 89 per cent. Putting our People on the Path to Success – the motto used by our training department – sums up our human resources vision through training and career development.

By focusing on career development, 70 per cent of positions are now filled internally, and our semi-annual electronic performance building program allows employees and managers to effectively assess their training and career track.

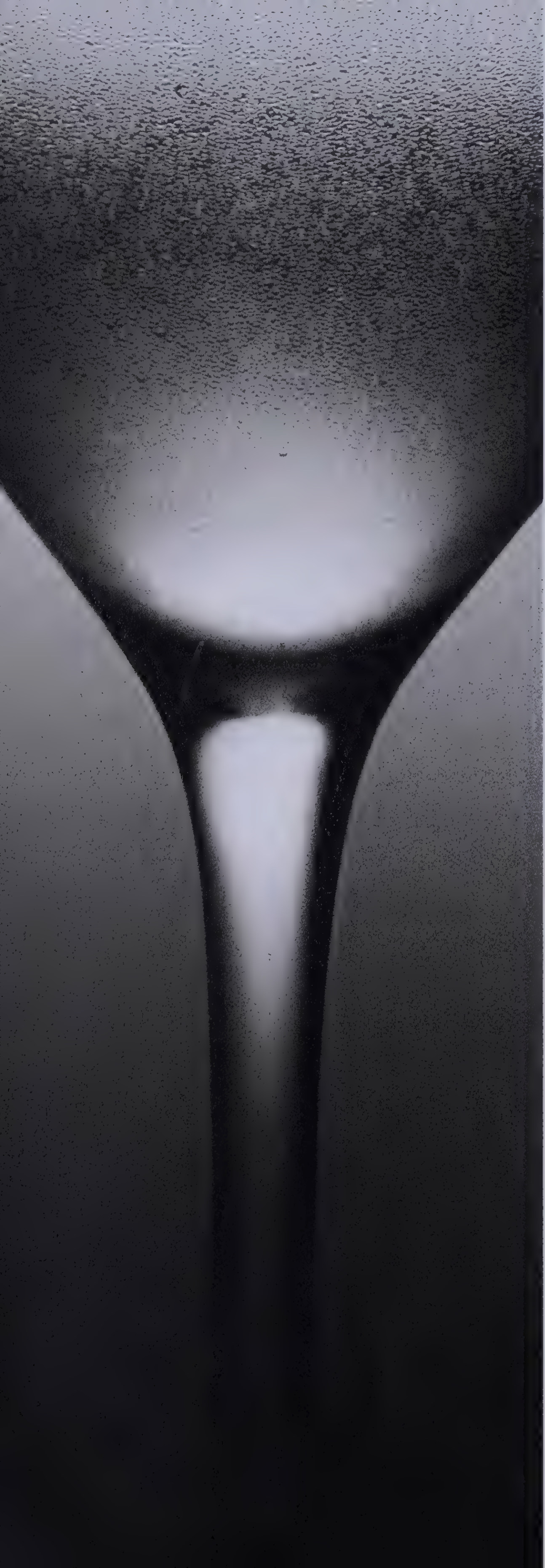
To enhance employee communications, we participated in the



development of a company Intranet site called AGFcity. This site will strengthen communication with employees through electronic dissemination of training information, human resources manuals and employee news.

In compliance, we continue to proactively assess and implement effective management tools to ensure that AGF complies with current and emerging industry rules and regulations.

In internal audit, we are working proactively to provide AGF with high quality audit services and effective management tools to ensure we are well-positioned during this period of rapid growth and change.

Focus on Finance

For the fourth consecutive year, AGF achieved record revenue, net income and cash flow from operations, with return on average shareholders' equity rising to 23.8 per cent in 1999 from 22.9 per cent in 1998.

We successfully implemented an advanced corporate accounting system, which will deliver more relevant, timely and accurate financial information. The new system will permit better control of expenses and cash flow, allow for more efficient use of staff time and serve as the foundation for a future strategic management information system.

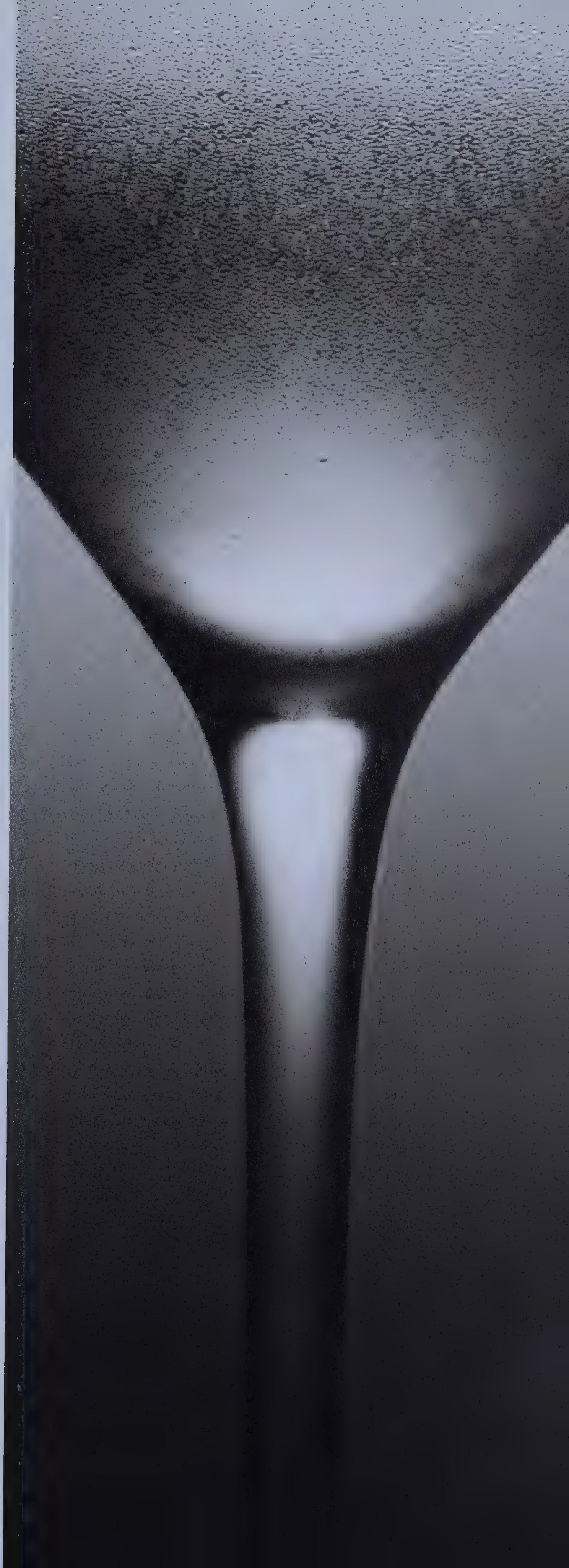
AGF also implemented significant cost control measures. With stronger financial controls and enhanced expense accountability, we reduced selling, general and administrative costs for mutual fund operations, expressed as a percentage of average assets under manage-

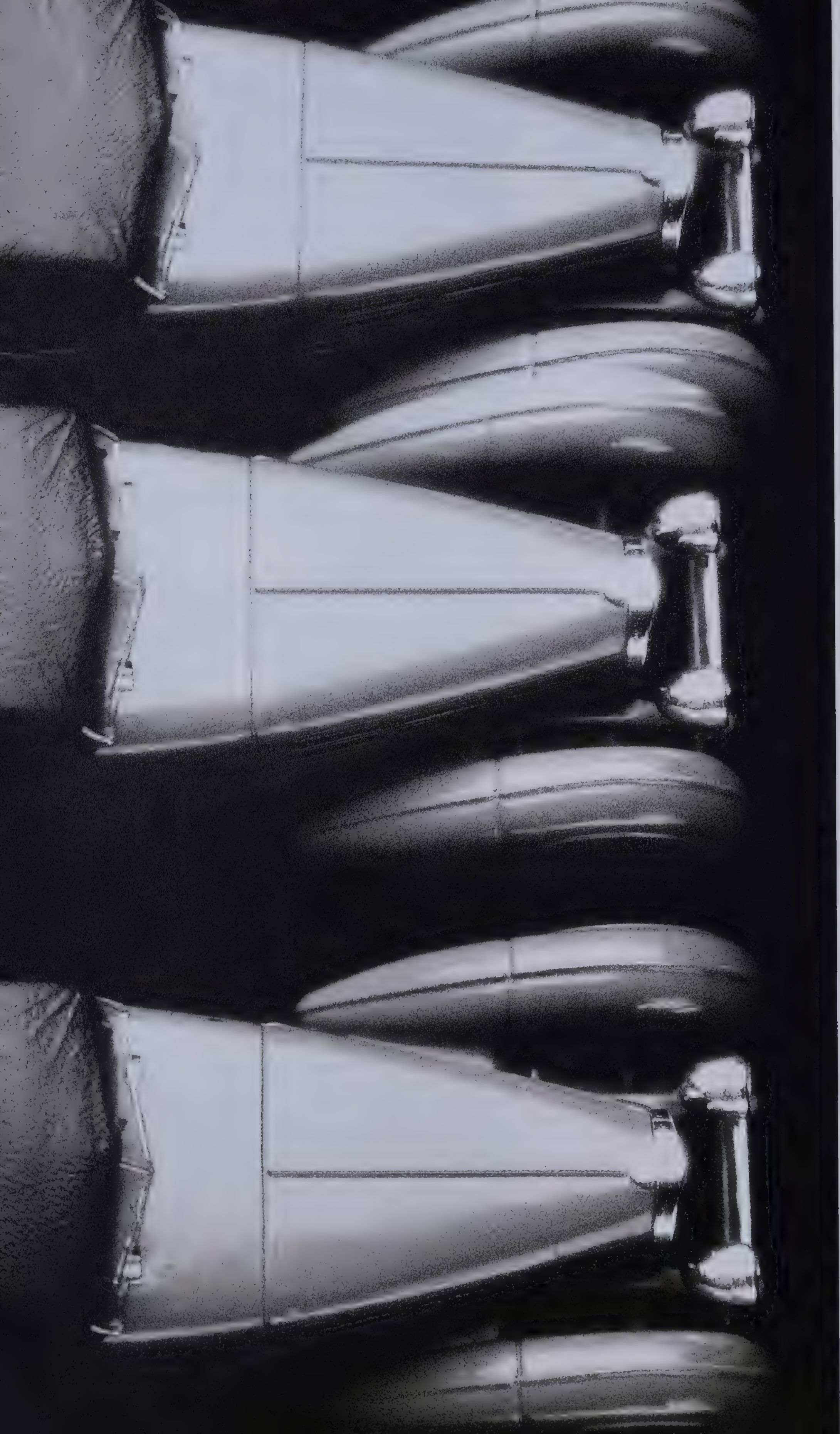
ment, by another three basis points in 1999. This was in addition to the reduction of eight basis points achieved in 1998.

These cost control initiatives also yielded benefits to investors in the AGF Group of Funds with over 82 per cent of mutual fund assets under management experiencing a lower management expense ratio in 1999 versus 1998.

Through more intensive cash management, we produced significant interest savings with a decline of 12.6 per cent in long-term interest expense in 1999.

While there was a substantial growth in business volumes during the past year, we maintained smooth fund accounting and valuation processes and enhanced trust accounting procedures and productivity.





Focus on Marketing

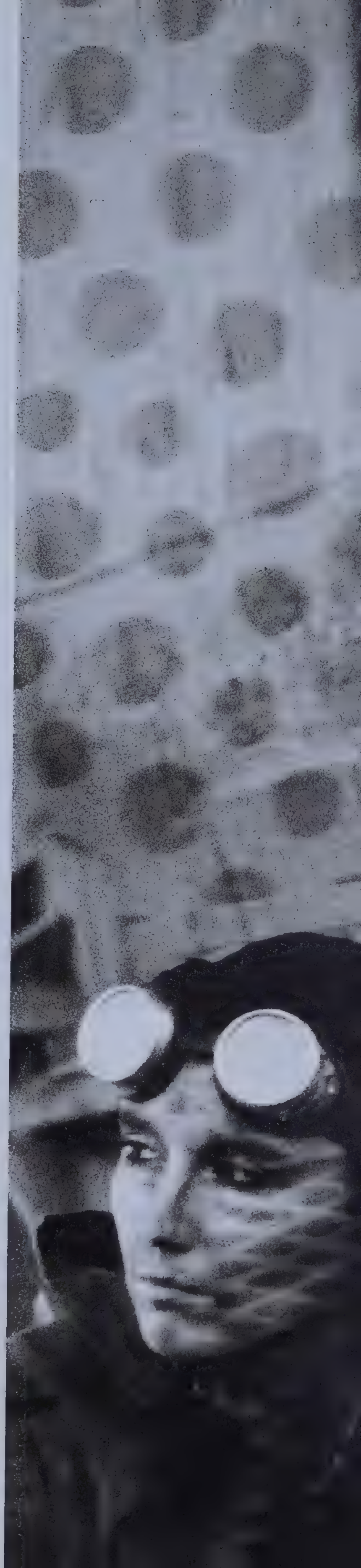
AGF's advertising is designed not to sell mutual funds, but to connect with investors and intrigue them enough about AGF as a company to want to know more. With this purpose in mind, AGF continues to generate strong brand awareness through a variety of media.

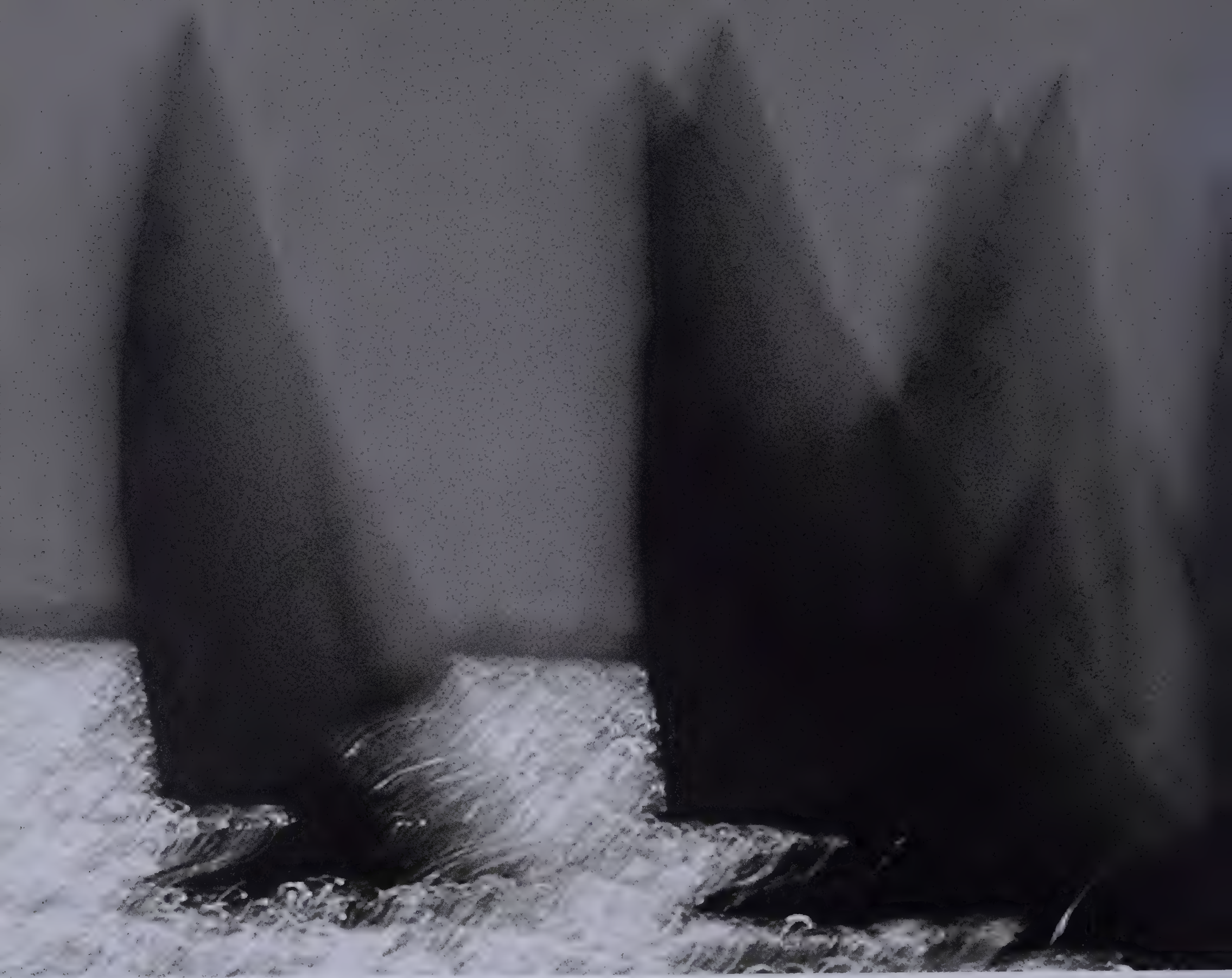
In 1999, brand awareness among investors rose sharply over the year from 63 per cent to 73 per cent with double digit gains in all key markets. Even more dramatic were gains posted among distributors with an overall rise from 47 per cent to 68 per cent.

Although we spend less relative to our competitors, our advertising presence continues to be heightened by an innovative campaign that articulates a unique and welcome voice among mutual fund companies.

"Aided recall of AGF's television campaign and print were not only by far the highest scores ever measured for AGF, they were also the highest scores we have seen in the industry in six years of testing mutual fund advertising. They are a clear testament to a powerful and synergistic creative message."

Asset Marketing Research





AGF built further on its campaign theme 'What are you doing after work?' with the addition of two new television ads and several print ads. Over the year, we were honoured with a number of awards across North America for our Spiderman, Santa Claus and Gumby & Pokey ads.

We established new capabilities in corporate communications, which have allowed us to streamline and professionalize our external communications to news media and other stakeholders.

We have also augmented and upgraded internal communications among employees.

To leverage new branding and community involvement opportunities, AGF is assuming greater ownership over significant sponsorship events, including the Vancouver, Toronto and Montreal Film Festivals.

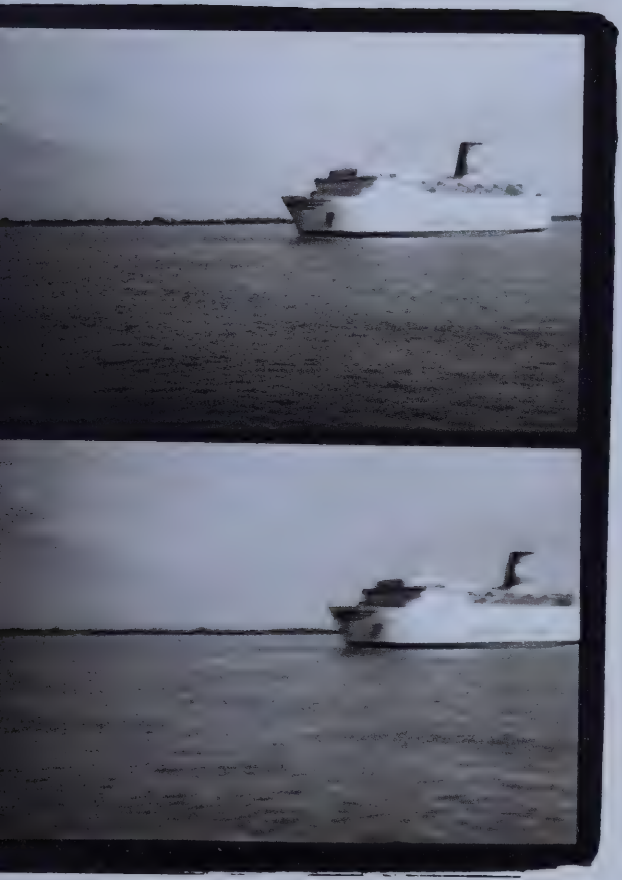
Over the coming year, we will continue to take a leadership stance in advertising and branding to support corporate objectives.

Focus on Information Technology

The breakneck pace of change in information technology has stimulated new efficiencies and opportunities in all areas of the company. As we move forward, we are exploring the enormous potential of technology to support our growing needs.

In 1999, we completed our Year 2000 Readiness Project and experienced a smooth transition into the new year. Our success to date was the result of meticulous planning, flawless execution, and total dedication on the part of staff and management.

This initiative generated many benefits to AGF, in addition to correcting the Y2K bug. Many aspects of our systems and supporting hardware have been upgraded or replaced. On the application side, while remediation occurred, we also took the opportunity to advance other aspects. Most importantly, the entire initiative provided staff a higher level of knowledge and experience. Clearly, AGF is significantly stronger and more advanced as a



result of our careful and comprehensive preparation.

We also formed a division of experienced managers to focus efforts on value-added E-services initiatives as well as IT research and development. Most notably, this group accomplished major improvements to AGF.com, our Internet site. Working closely with the Marketing Department, AGF's Web site has been upgraded with new information and functionality both in English and French. These efforts have paid off with an increase in visits of 240 per cent over last year.

This year the IT group will continue to focus on further harnessing the power of technology to improve the efficiencies and assist in providing competitive advantage. The advancement of our core systems, new value-added electronic services, improved quality, controls and security are only some of the benefits expected to be realized by the use of technology in 2000 and beyond.

AGF Milestones 1999

■ Building on a strong reputation in global money management, in July AGF launches four new fully RSP-eligible international funds in the AGF All World RSP Fund Family. New funds are AGF RSP American Growth Fund, AGF RSP American Tactical Asset Allocation Fund, AGF RSP European Growth Fund and AGF RSP Japan Fund. In January 2000, AGF launches AGF RSP International Value Fund.

■ AGF establishes two new distribution arrangements with Investors Group Inc. and Toronto Dominion Bank that make our investment expertise available to a broader customer base.

■ For the second straight year, AGF is named Fund Company of the Year by *Top Funds 2000*.

■ Steve Rogers, manager of AGF's flagship American Growth Fund, is named U.S. Equity Fund Manager of the Decade by Gordon Pape.

■ AGF American Tactical Asset Allocation Fund is singled out by Gordon Pape as Mutual Fund of the Decade.

■ AGF International Value Fund is honoured as Best Global Equity Fund by a body of industry experts at the Canadian Mutual Fund Awards.

■ In Client Services, AGF ranks first among large fund companies for the second year in a row in the Environics/Marketing Solutions Call Centre Audit survey for client service interaction and response time. AGF also places first overall in the provision of French language services.

■ AGF successfully plans and executes its Y2K plan to make a seamless transition to the year 2000.

■ AGF picks up high-profile marketing and advertising awards for innovative brand advertising.

■ AGF's "Spiderman" television ad wins a Bessie Award for the best of Canadian television advertising and a silver medal at the 1999 Canadian Marketing Awards.

■ Print ads featuring Spiderman, Gumby & Pokey and Santa Claus come first in print advertising in the financial category for all of North America at the 1999 Portfolio Awards.

■ In Chicago, AGF wins four Mobius Advertising Awards.

■ The Cassie Awards, which recognize advertising that has significant impact on financial results, honours AGF with a gold medal in the financial services category.

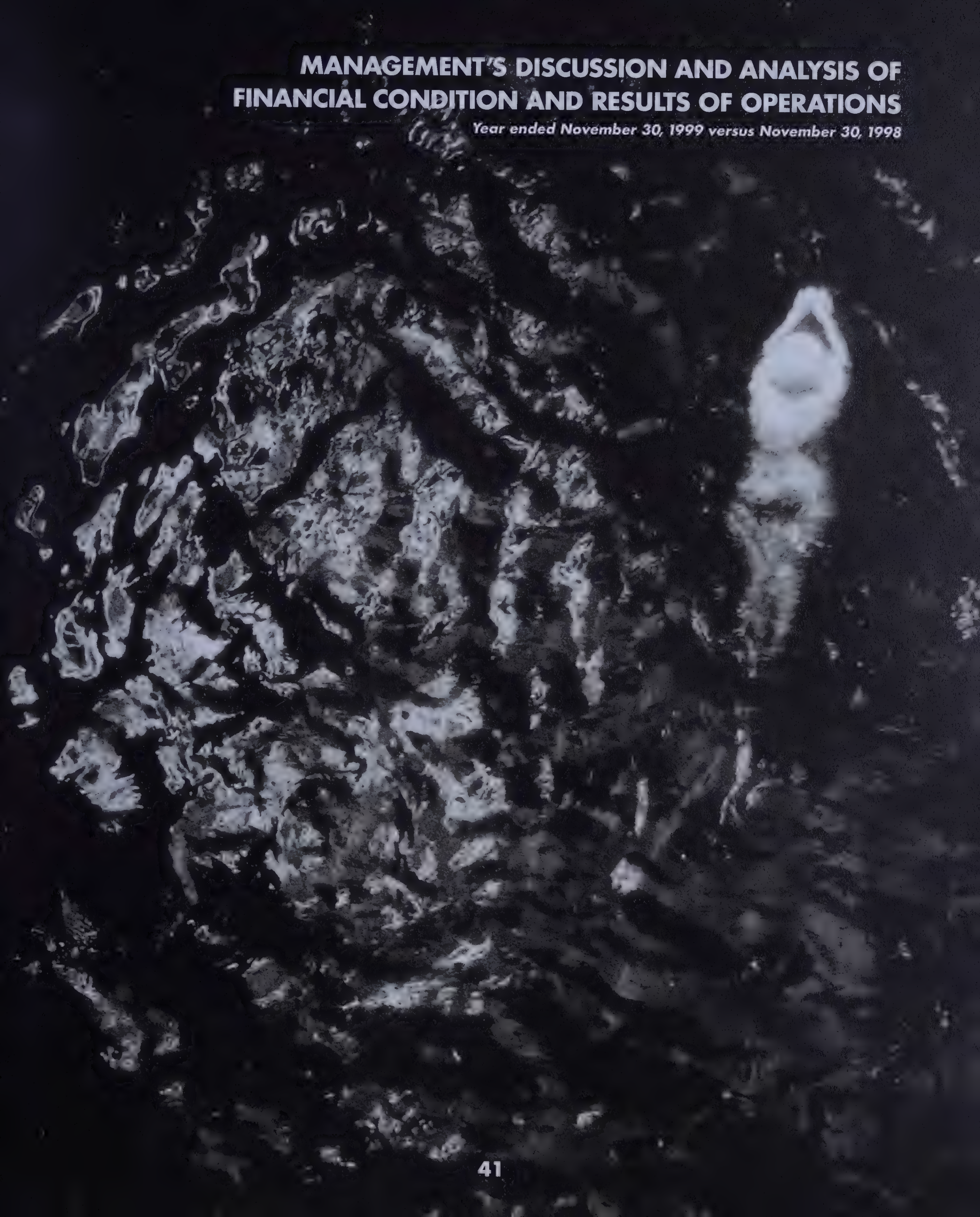
■ AGF contributes to our communities in the form of donations and sponsorships at the national, regional and local levels. From sponsoring local hockey teams to the Film Festivals in Montreal, Toronto and Vancouver, AGF invests in the communities where we work and live. In 1999, AGF continues involvement with the World Wildlife Fund and their Endangered Species Program. We also support the Adopt-an-Animal Program and the Reproductive Technologies Program on behalf of Sumatran tigers at the Metro Toronto Zoo.

■ AGF employees mount campaigns to raise funds for the United Way, Project Warmth, and the Red Cross.

■ Through the AGF Financial Lifeskills Program, 40 graduating high school students from across the country receive AGF Financial Lifeskills scholarships.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Year ended November 30, 1999 versus November 30, 1998



Consolidated Financial Results

By all measures, 1999 was another record year for the Corporation. AGF has been one of the preferred mutual fund companies in a year in which the industry experienced a high concentration of mutual fund sales. Strong relative investment performance, excellence in client service, stringent cost controls and increased brand awareness were the key factors contributing to AGF's success. The financial performance of the Corporation is summarized in the following table:

Years ended November 30, *(in millions of dollars, except per share amounts)*	**1999**	**1998**	**% Change**
Revenue	$ 356.7	$ 288.8	23.5
Net income	61.7	48.8	26.5
Cash flow from operations (before net change in non-cash balances related to operations)	165.9	128.0	29.7
Year-end mutual fund assets under management	18,965.5	15,015.2	26.3
Basic per share amounts			
Earnings	$ 1.59	$ 1.27	25.2
Cash flow from operations	4.28	3.34	28.1
Return on average shareholders' equity	23.8%	22.9%	3.9

Operating Results

The Corporation is focused on its principal businesses of providing wealth management, third-party fund administration and trust products and services for individual and institutional clients on a global basis.

Wealth Management Operations

Revenue

Management and advisory fee revenue, net of distribution fees paid to limited partnerships held by third-party investors of $21.2 million (1998 - $23.8 million), reached $299.7 million in 1999, representing an increase of $54.7 million or 22.3% versus 1998. Management and advisory fees are calculated as a percentage of average net assets under management.

The Corporation's mutual fund assets under management increased $3.95 billion during the year, to $18.97 billion from $15.02 billion. More importantly, the Corporation's market share of the Canadian mutual fund industry increased 48 basis points in 1999, moving from 4.72% to 5.20%.

The following table illustrates the composition of the changes in mutual fund assets during the past two fiscal years:

(in millions of dollars)	1999	1998
Mutual fund assets under management, beginning of year	$ 15,015	$ 12,429
Gross sales of mutual funds	4,162	4,069
Redemptions of mutual funds	(2,101)	(1,863)
Net sales	2,061	2,206
Market appreciation of fund portfolios	1,889	380
Increase in net assets during the year	3,950	2,586
Mutual fund assets under management, end of year	$ 18,965	$ 15,015

Despite the slowest industry growth since 1995, the Corporation achieved net sales of $2.06 billion in 1999, resulting in a 10.7% share of net sales of the Canadian mutual fund industry. Net sales for the AGF group of funds declined 6.6% in fiscal 1999, out-performing the industry's 47% decline in net sales during the same period. The Corporation believes that these excellent results are attributable to the following key factors:

■ Strong relative investment performance - the mutual funds which the Corporation offers to investors have been performing strongly with over 79% of mutual fund assets under management above industry median performance levels based on three-year rates of return as at November 30, 1999.

■ Success in advisor market penetration - as a result of a high level of brand awareness and other sales initiatives, the Corporation has been very successful in attracting more financial advisors and institutions to our products and services.

■ Low redemption rate - the redemption rate based on year-end mutual fund assets for the AGF funds was 11.1% in 1999, well below the industry's average of 27.6%.

■ Innovative products - in July 1999, the Corporation launched four new 100% RSP-eligible foreign equity funds providing investors with greater international exposure within registered plans.

A major trend during the year has been assets flowing out of Canadian equity funds into foreign equity funds, reflecting investor preference for a higher exposure to international markets. As at November 30, 1999, 46% of assets under management were in domestic funds and 54% in international funds, compared with 57% and 43%, respectively, as at November 30, 1998. Also during 1999, the equity component of assets under management increased from 82% to 85%. These changes in asset mix had a favourable impact on management and advisory fee revenue as management and advisory fee rates for international and equity funds are typically higher than those for domestic and fixed income funds.

As the Canadian mutual fund industry continues to mature, the competitive pressures seen in 1999 are expected to intensify

throughout 2000. It is anticipated that mutual fund sales will continue to be concentrated with a few mutual fund companies. The Corporation believes it remains well positioned for growth in this environment. Mutual fund assets under management have surpassed the $20 billion level in January 2000 and stood at $20.46 billion as at January 14, 2000.

Administration fees and other revenue increased by $4.6 million in 1999 to $24.3 million, an increase of 23.5%. These revenues, which accounted for 6.8% of the Corporation's consolidated revenue in both 1999 and 1998, include the following:

- fees for third-party fund administration provided through AdminSource Inc. - as at November 30, 1999, AdminSource Inc. administered over 440,000 third-party unitholder accounts with assets under administration approximating $7.3 billion, an increase of $1.9 billion over the prior year.
- advisory fees earned on institutional accounts - the Corporation acts as investment advisor to a growing number of segregated and mutual funds offered by insurance and other mutual fund companies. Assets in these funds exceeded $900 million at the end of 1999.
- equity earnings from the Corporation's 30.0% (fully diluted) investment in NCL (Securities) Limited ("NCL") - the Corporation's share of the earnings of NCL, net of amortization of goodwill, amounted to $0.6 million in 1999, as compared to $0.8 million in 1998.

Deferred sales charge revenue increased 52.2% from $12.9 million to $19.7 million. The Corporation is entitled to receive the contingent deferred sales charges ("DSC") paid by mutual fund investors on redemption of DSC securities for which the Corporation financed the selling commission paid to the dealer. During 1999 and 1998, the Corporation has financed $261.4 million (including $74.7 million arranged through AGF Limited Partnership 1998, an entity owned by certain subsidiaries of the Corporation) of DSC selling commissions through internal cash flow and bank debt, resulting in an increase in deferred sales charge revenue in 1999. This trend is expected to continue in 2000.

Investment income in 1999 included net gains of approximately $1.6 million realized on the sale of certain marketable securities. No significant capital gains or losses were realized in 1998.

Expenses

Selling, general and administrative expenses ("SG&A") increased by 13.4% in 1999 to $68.7 million. During the year, the Corporation has expended $1.1 million on the Year 2000 Readiness Project. The Corporation also increased its spending on media advertising to broaden awareness of the AGF brand among investors. Despite these increases, SG&A for the Corporation's mutual fund operations expressed as a percentage of average assets under management declined another 3 basis points in 1999 following an 8 basis point reduction in 1998.

Trailing commissions paid to dealers amounted to $73.3 million in 1999 as compared to $58.3 million in 1998. The increase is a function of the growth in the Corporation's mutual fund assets under management.

Investment advisory fees paid to external investment advisors increased $6.2 million, or 28.8%, in 1999 to $27.8 million as compared to $21.6 million in 1998. The increase is a result of the growth in assets of the funds which are advised by such external investment advisors since advisory fees are typically determined on the basis of a percentage of assets under management. The rate of growth of investment advisory fees is expected to slow in 2000 following the realignment of investment advisory responsibilities in respect of certain of the AGF funds in late 1999.

Amortization of deferred selling commissions increased to $59.8 million in 1999 from $42.8 million in 1998 because of the Corporation's decision to finance internally the selling commissions paid on sales of DSC securities in recent years. These selling commissions are recorded at cost and are amortized on a straight-line basis

over a period which corresponds with the applicable DSC schedule (which generally ranges from six to eight years).

Amortization of management contracts represents the portion of the 20/20 Financial Corporation purchase price assigned to management contracts amortized on a straight-line basis over a 15-year period.

During the year, intensive cash management yielded significant savings in interest paid. This, together with the repayment of bank loan and loan notes of $7.0 million and $2.2 million, respectively, resulted in a 12.6% decline in long-term interest expense in 1999 as compared to 1998.

Trust Company Operations

Strong economic growth coupled with low inflation were favourable factors that had a positive impact on the operating results of AGF Trust Company ("Trust Company"). Net investment income amounted to $2.9 million or an increase of $0.2 million from the previous year. Net income, which amounted to $1.0 million, a reduction of $0.3 million from the previous year, was adversely affected by a write-down in the Trust Company's investment portfolio and costs associated with the start up of an investment loan program. General, administrative and operating expenses for the year totalled $1.9 million as compared to $1.7 million last year.

Mortgage assets increased by 13.9% to $131.6 million of which 65.6% were insured. Conventional impaired loans over 90 days net of specific reserves declined during the course of the year and stood at $313,000 or 0.69% of total uninsured loans. Notwithstanding the continued improvement in the risk profile of the mortgage portfolio, the general allowance for credit losses was increased by $110,000 to $310,000 during the course of the year. The Trust Company has a prudent policy to increase the general

allowance during the strong phase of an economic cycle.

The Trust Company's balance sheet and financial position remained strong. Total assets increased by 19.8% to $156.4 million. The risk-based capital ratio and the assets to capital multiple stood at 32% and 10.0 times, respectively, well within statutory limits. The unusually high year-end liquidity was to ensure that the Trust Company could easily meet any possible Year 2000 problems and honour financial commitments.

During the course of the year the Trust Company sought to diversify its lending program through the development of a user-friendly investment loan program for AGF and other third-party mutual funds. Extra provincial registration is being obtained and it is anticipated that this program, which will be marketed exclusively

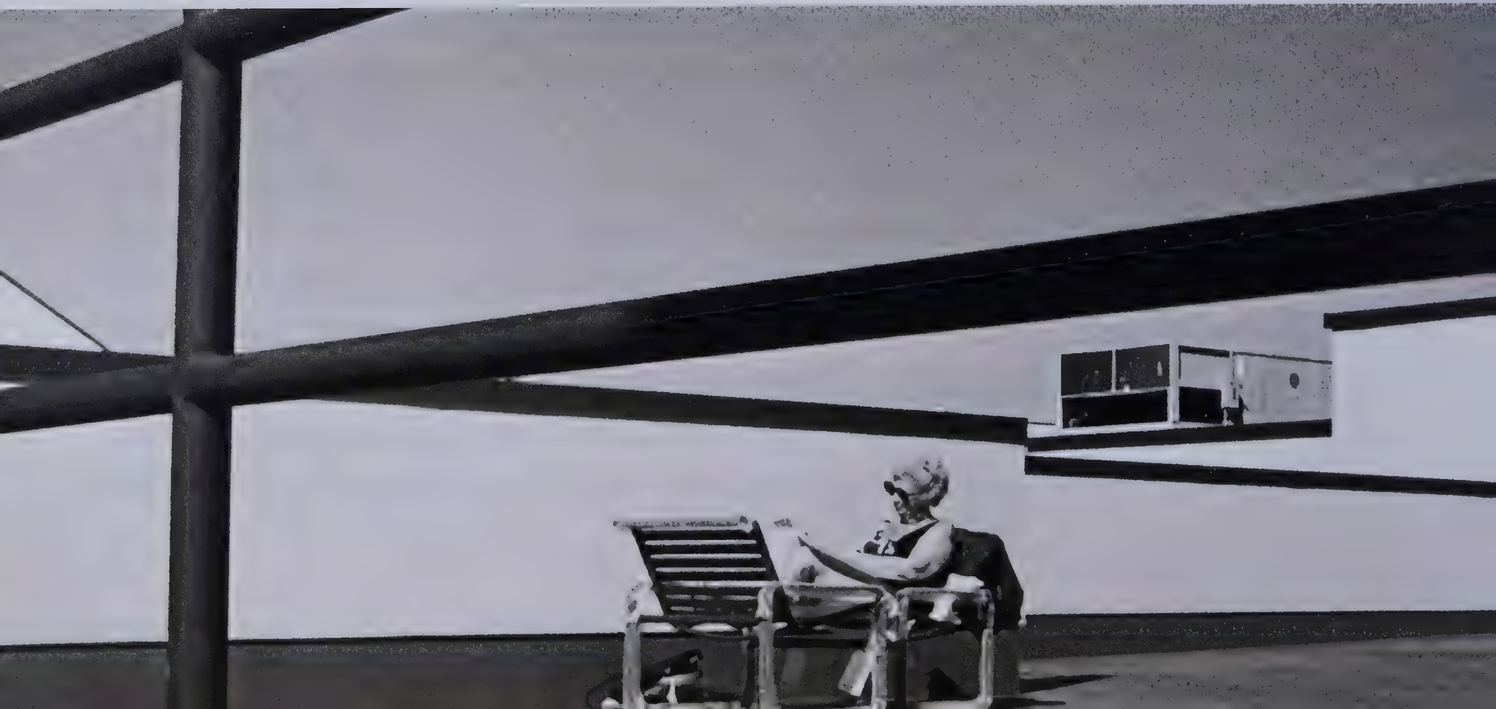
through independent financial advisors, will be offered nationally during the second quarter of 2000.

Income Taxes

The Corporation's effective consolidated income tax rate declined from 41.1% in 1998 to 40.1% in 1999.

The Corporation is allowed to deduct for income tax purposes the full amount of selling commissions paid in a year even though amortization of such selling commissions for accounting purposes is spread over a six to eight-year period. The deduction of selling commissions permits the Corporation to defer cash payment of a high proportion of income taxes payable. The utilization of tax losses of $4.8 million in 1999 and $51.5 million in 1998 further reduced consolidated cash taxes payable during these periods. However, these deductions were partially offset by the Ontario corporate minimum tax payable amounting to $2.9 million in 1999 and $2.3 million in 1998.

As at November 30, 1999, deferred income taxes payable stood at $101.0 million, an increase of $35.3 million. It is expected that deduction of selling commissions paid by the Corporation will



continue to defer payment of a high proportion of the income taxes payable in 2000.

Financial Position

Cash flow from operations (before net change in non-cash balances related to operations) increased 29.7% to $165.9 million in 1999 from $128.0 million in 1998. Strong cash flow from operations resulted in an increase in the Corporation's cash and short-term investments of $12.0 million in 1999 to $72.1 million as at November 30, 1999.

During 1999, the Corporation was able to finance internally all the selling commissions paid on sales of DSC securities which amounted to $133.5 million. In 1998, using a combination of cash flow from operations and its bank loan, the Corporation financed $127.9 million (including $74.7 million arranged through AGF Limited Partnership 1998) of selling commissions on sales of DSC securities. As at November 30, 1999, the unamortized balance of deferred selling commissions financed by the Corporation stood at $308.4 million, an increase of $73.7 million over 1998. The contingent deferred sales charges receivable by the Corporation if all of

the DSC securities were redeemed were estimated to be approximately $399.1 million as at November 30, 1999. In the current interest rate environment, the Corporation intends in 2000 to continue to finance internally the selling commissions paid on sales of DSC securities.

In 1999, the Corporation invested $7.1 million in capital assets, including $1.3 million in respect of the purchase of fixed assets of a company engaged in the development and licensing of customized software for the investment industry in the United Kingdom. During the year, the Corporation upgraded its systems and equipment pertaining to networks, database servers, communication routers and personal computers, and successfully implemented the first phase of an advanced corporate accounting and financial reporting system. The Corporation expects to maintain its invest-

ment in information technology and systems at similar levels in 2000 as a means to further reduce operating costs and to provide superior customer service.

In 1998, the Corporation purchased a minority interest of 30.0% (fully diluted) of NCL for $17.7 million with the option to acquire majority control at any time after December 31, 2000.

Shareholders' equity increased 21.8% during the year to $284.2 million as at November 30, 1999. In addition to net income retained in the business of $50.1 million, the Corporation received $4.3 million from the issuance of Class B shares pursuant to the stock option and dividend reinvestment plans. During 1999, the Corporation purchased for cancellation 146,800 Class B shares at an aggregate cost of $3.3 million.

Liquidity

The Corporation maintains sufficient liquidity and capital to meet ongoing business needs, to satisfy regulatory requirements and to acquire new businesses should opportunities arise. In addition to its cash and short-term investments, the Corporation has a ten-year prime-rate-based revolving term loan facility to a maximum of $140.0 million that may be used at any time to meet operational or investment needs.

As at November 30, 1999, the Corporation has drawn $71.0 million against the available loan amount, as compared to $78.0 million at November 30, 1998. It is anticipated that cash flow from operations will be sufficient to meet the Corporation's operational and selling commission requirements in 2000 and to repay a portion of the outstanding bank loan amount.

Hedging Activities

The Corporation has hedged its risk exposure to higher interest rates by entering into three interest rate swap transactions which expire between October 28, 2007 and January 27, 2008. These swap transactions convert the floating interest rates paid

by the Corporation on $70.0 million of its outstanding bank loan into fixed interest rates of 5.47% to 5.56% per annum. Accordingly, the recent increase and any future increase in interest rates are not expected to have any significant impact on the Corporation's borrowing costs.

The Corporation has also entered into a foreign exchange forward contract to sell U.K. Pound Sterling 7,000,000 on April 17, 2000 for Canadian $16,810,000 in order to hedge its currency exposure in connection with the investment in NCL.

Dividends

It is the policy of the Corporation to pay dividends to shareholders on a quarterly basis. In reflection of the higher level of earnings and cash flow from operations and the favourable outlook for the future, the Board of Directors at its June 1999 meeting approved an increase in the quarterly dividend rate of 14.3%, from 7 cents per share to 8 cents per share, for an annualized dividend rate of 32 cents per share. In June 1998, the Board of Directors increased the quarterly dividend rate from 6 cents per share to 7 cents per share.

Year 2000

The Year 2000 issue arises because many computerized systems use two digits rather than four digits to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. Although the transition to the Year 2000 has occurred and no problems have been noted to date, it is not possible to be certain that all aspects of the Year 2000 issue affecting the Corporation, including those related to the efforts of suppliers and other third parties, are fully resolved. The Corporation had developed and continues to have in place contingency plans to address any Year 2000-related problems that may arise.

The total cost incurred by the Corporation on the Year 2000 Readiness Project was approximately $2.1 million. Of this spending, $1.6 million has been charged to income and $0.5 million has been capitalized, representing assets to be depreciated over their estimated useful lives. The portion of these costs relating to unitholder servicing is borne by the funds according to the terms of the management agreements between the Corporation and the funds.

Rules We Follow. Values We Preserve.

Governing Bodies

The Corporation and its operating subsidiaries are each registered with one or more of various regulatory authorities. The primary governance obligation of the Corporation and these subsidiaries is to abide by the spirit and the letter of the regulations and rules formulated by these authorities, which range from specific rules and regulations to strong statements of general principles based on a commitment to ethical behaviour. These regulatory authorities include:

- Provincial Securities Commissions
- The Toronto Stock Exchange
- The Office of the Superintendent of Financial Institutions
- The Securities and Exchange Commission (Washington, D.C.)
- The Bank of Ireland (Dublin)
- The Singapore Monetary Authority.

Code of Ethics

All directors, officers and employees of the Corporation and its subsidiaries are subject to a Code of Ethics which outlines the standards by which they must conduct themselves in their business dealings. Compliance with the Code is a matter of utmost importance and a breach of any of its provisions is grounds for a warning, revision of responsibilities, suspension or dismissal with or without notice, depending on the particular circumstances. The Code sets out specific rules dealing with conflicts of interest, confidential information, insider trading, personal trading by investment

managers and others with access to information used in making investment decisions, and a variety of other matters. From time to time, as appropriate, the Code is supplemented by memoranda delivered to directors, officers and employees clarifying or expanding provisions of the Code.

The Boards of Directors

1. Descriptions and Mandate of the Boards

The Corporation's Board has responsibility for the stewardship of the Corporation and discharges that responsibility by providing advice and direction with respect to the business plans of the Corporation and monitoring the operations of its subsidiaries. The Boards of the various subsidiaries are responsible for reviewing and monitoring the strategic plans of those businesses. In carrying out its responsibilities, the Corporation's Board appoints the Chief Executive Officer and meets with senior executives on a regular basis to receive and consider reports on the affairs of the Corporation. The Board expects these reports to be comprehensive, accurate and timely. In addition to approving specific corporate actions, the Board receives and approves annual and interim reports to shareholders, including annual and interim financial statements.

2. Membership on the Boards

The majority of the members of the Boards of the Corporation and AGF Trust Company are unrelated to the Corporation and its subsidiaries, meaning they are free from any interest and any business or other relationship which could reasonably be perceived to materially interfere with their ability to act with a view to the best interest of the Corporation, other than interest arising from shareholding. In the year ended November 30, 1999 the directors were: Stuart E. Eagles, Walter A. Keyser, David King, Claudette MacKay-Lassonde and Milan M. Nastich.

3. Boards of the Mutual Funds

The Mutual Fund Boards are completely distinct and independent from the Boards of the Corporation and its subsidiaries (apart from two overlapping management representatives). These Fund Boards represent the shareholders and unitholders of the Funds. The directors of the Funds that are corporations are elected by shareholders and have the legal responsibility for functions such as approving the appointment of investment managers. The Chairman of these Boards is Mr. John B. Newman, an independent director.

There is no legal requirement that mutual fund trusts have a board of governors. As early as the 1980s however, the Corporation recognized the interest of unitholders in having an independent board to provide advice to the trust funds. For this reason, the directors of the corporate funds are appointed as governors of these funds.

4. Board Representation and Independence from Management

Mr. C. Warren Goldring, the Corporation's Chairman and Chief Executive Officer, owns, directly or indirectly, 80% of the outstanding Class A voting common shares of the Corporation and is therefore a "significant shareholder". Mr. W. Robert Farquharson, the Corporation's Vice-Chairman and Chief Investment Officer, owns, directly or indirectly the remaining 20% of the Class A voting common shares and each also owns a significant number of Class B non-voting shares.

Messrs. Goldring and Farquharson both serve on the Corporation's Board as management representatives. All of the other members of the Corporation's Board are "independent" directors in that they are free from any interest in or relationship with (other than the membership of certain of these directors on the boards of directors of other companies controlled directly or indirectly by Mr. Goldring) the Corporation's significant shareholder or any affiliate of the significant shareholder.

5. Committees of the Corporation's Board

The independent directors who serve as Chairman of the Board's committees are responsible for directing the meetings of the committee when matters related to the responsibilities of these committees are discussed.

The Corporation's Board has two committees, both of which are composed predominantly of unrelated directors: the Audit Committee and the Corporate Governance Committee.

The Audit Committee

The Audit Committee is responsible for conducting such review and inquiry of management and the internal and external auditors as it deems necessary towards establishing that the Corporation and its subsidiaries are applying appropriate systems of internal controls which fulfill legislative and regulatory requirements. Internal controls are reviewed and evaluated by the Corporation's internal auditors. The committee reviews and makes report to the Board before the approval of the annual and interim financial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statements. During the year ended November 30, 1999 the Audit Committee met four times.

The Corporate Governance Committee

The Corporate Governance Committee is responsible for developing the Corporation's approach to governance issues, including the Corporation's response to governance guidelines. The committee reviews annually and makes recommendations to the Board on all matters relating to corporate governance.

6. Orientation and Education

The Corporation has established a system of orientation and ongoing education for its directors. As part of this program, the Corporation provides directors with updates on the mutual fund and financial services industries, briefings on corporate governance practices and other relevant issues.

7. Shareholder Communication

The Corporation believes that shareholder communication and feedback are essential. This belief is based on the stake shareholders have in the Corporation's business and the importance to shareholders of ensuring that trading prices and volumes of the Corporation's Class B non-voting shares are not adversely affected by a lack of information in the marketplace. Shareholder inquiries are promptly responded to by the Corporate Secretary or another senior officer of the Corporation.

CONSOLIDATED FINANCIAL STATEMENTS

Auditors' Report

To the Shareholders of
AGF Management Limited:

We have audited the consolidated balance sheets of AGF Management Limited as at November 30, 1999 and 1998 and the consolidated statements of income, retained earnings and cash flow for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at November 30, 1999 and 1998 and the results of its operations and its cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
January 14, 2000

CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)

November 30	1999	1998
ASSETS		
Wealth Management Operations		
Current assets:		
Cash and term deposits	$ 31,804	$ 46,500
Short-term investments	24,427	6,744
Accounts receivable and prepaid expenses	29,391	22,765
	85,622	76,009
Investment in associated company (Note 2)	18,595	19,607
Other investments	1,779	1,896
Management contracts, net of accumulated amortization of $20,403 (1998 - $15,278)	56,476	61,601
Deferred selling commissions, net of accumulated amortization of $160,044 (1998 - $100,199)	308,420	234,716
Capital assets, net of accumulated amortization of $26,152 (1998 - $21,142)	14,924	12,853
Goodwill, net of accumulated amortization of $2,731 (1998 - $2,435)	1,503	1,799
	487,319	408,481
Trust Company Operations		
Cash and term deposits	15,825	6,840
Accounts receivable and other assets	2,470	2,004
Investments	6,378	6,183
Mortgages and other loans	131,753	115,513
	156,426	130,540
	$ 643,745	$ 539,021
LIABILITIES AND SHAREHOLDERS' EQUITY		
Wealth Management Operations		
Current liabilities:		
Accounts payable and accrued liabilities	$ 43,698	$ 37,637
Income taxes payable	314	2,964
Provision for leased premises	348	360
	44,360	40,961
Provision for leased premises	1,089	1,435
Loan notes payable (Note 2)	1,048	3,422
Bank loan (Note 9)	71,000	78,000
Deferred income taxes	101,018	65,733
	218,515	189,551
Trust Company Operations		
Accounts payable and accrued liabilities	4,209	3,706
Deposits	136,777	112,381
	140,986	116,087
Shareholders' equity:		
Capital stock (Note 4)	99,477	95,498
Retained earnings	184,579	137,484
Foreign currency translation adjustment	188	401
	284,244	233,383
	$ 643,745	$ 539,021

APPROVED BY THE BOARD:

C. Warren Goldring, Director

W. Robert Farquharson, Director

CONSOLIDATED STATEMENTS OF INCOME

(in thousands of dollars, except per share amounts)

Years ended November 30	1999	1998
Revenue		
Wealth Management Operations		
Net management and advisory fees	$ 299,686	$ 245,017
Administration fees and other revenue	24,344	19,706
Deferred sales charges	19,675	12,930
Investment income	2,406	1,435
	346,111	279,088
Trust Company interest, dividends and administration fees	10,592	9,734
	356,703	288,822
Expenses		
Wealth Management Operations		
Selling, general and administrative	68,724	60,604
Trailing commissions	73,291	58,268
Investment advisory fees	27,845	21,626
Amortization of deferred selling commissions	59,845	42,767
Amortization of management contracts	5,125	5,125
Amortization of capital assets and goodwill	5,306	4,825
Long-term interest expense	3,941	4,508
	244,077	197,723
Trust Company Operations		
Interest on deposits	6,662	6,087
General and administrative	2,710	1,954
Provision for mortgage losses	220	192
	9,592	8,233
	253,669	205,956
Income before income taxes	103,034	82,866
Income taxes (Note 6)		
Current	6,039	6,740
Deferred	35,285	27,349
	41,324	34,089
Net income for the year	$ 61,710	$ 48,777
Earnings per share (Note 4 (e))		
Basic	$ 1.59	$ 1.27
Fully diluted	$ 1.52	$ 1.19

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands of dollars, except per share amounts)

Years ended November 30	1999	1998
Retained earnings, beginning of year	$ 137,484	$ 99,263
Net income for the year	61,710	48,777
	199,194	148,040
Deduct:		
Dividends on Class A and Class B shares (30¢ per share; 1998 – 26¢ per share)	11,642	9,970
Excess paid over average issue price of Class B shares purchased for cancellation	2,973	586
	14,615	10,556
Retained earnings, end of year	$ 184,579	$ 137,484

CONSOLIDATED STATEMENTS OF CASH FLOW

(in thousands of dollars, except per share amounts)

Years ended November 30	1999	1998
Operating activities		
Net income for the year	$ 61,710	$ 48,777
Items not affecting cash		
Amortization of deferred selling commissions	59,845	42,767
Deferred income taxes	35,285	27,349
Amortization of management contracts	5,125	5,125
Amortization of capital assets and goodwill	5,306	4,825
Other	(1,340)	(884)
	165,931	127,959
Net (increase) decrease in non-cash balances related to operations	(2,228)	11,926
	163,703	139,885
Financing activities		
Net change in Class B shares	1,006	2,002
Increase (decrease) in bank loan	(7,000)	40,000
Increase (decrease) in loan notes payable	(2,232)	3,195
Dividends	(11,642)	(9,970)
Increase in Trust Company deposits	24,396	9,130
	4,528	44,357
Investing activities		
Deferred selling commissions paid	(133,549)	(127,861)
Investment in associated company	--	(17,680)
Purchase of capital assets	(7,081)	(6,519)
Net proceeds on sale of investments	1,354	--
Increase in Trust Company mortgages and other loans	(16,240)	(8,777)
Purchase of investments - Trust Company Operations	(743)	(1,545)
	(156,259)	(162,382)
Increase in cash and cash equivalents during the year	11,972	21,860
Balance of cash and cash equivalents, beginning of year	60,084	38,224
Balance of cash and cash equivalents, end of year	$ 72,056	$ 60,084
Represented by:		
Cash and term deposits		
Wealth Management Operations	$ 31,804	$ 46,500
Trust Company Operations	15,825	6,840
Short-term investments	24,427	6,744
	$ 72,056	$ 60,084
Cash flow from operations per share (before net change in non-cash balances related to operations - Note 4(e))		
Basic	$ 4.28	$ 3.34
Fully diluted	$ 4.05	$ 3.11

1. Financial statements presentation

(a) Description of business

AGF Management Limited ("AGF") is incorporated under the Business Corporations Act (Ontario). AGF is an integrated, globally focused wealth management corporation whose principal subsidiaries provide mutual fund management and distribution, trust products and services (including mortgage lending and deposit taking activities), investment advisory services and third-party fund administration services for individual and institutional clients. AGF conducts the management and distribution of mutual funds in Canada under the brand names AGF and Harmony (collectively, the "AGF Funds").

(b) The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies are as follows:

Consolidation

The consolidated financial statements include the accounts of AGF and all of its directly and indirectly owned subsidiaries and partnership (collectively referred to as the "Corporation"). The principal entities of AGF are:

AGF Funds Inc.
AGF International Advisors Company Limited
AGF Asset Management Asia Ltd.
AGF Trust Company ("Trust Company")
AGF Securities (Canada) Limited
AGF Securities, Inc.
AdminSource Inc.
AdminSource (UK) Limited
AdminSource Holdings (UK) Limited
AGF International Company Limited
20/20 Financial Corporation ("20/20 Financial")
AGF Limited Partnership 1998

Foreign currency translation

Assets and liabilities of foreign subsidiaries are translated into Canadian dollars at the rates of exchange in effect at year-end. Revenue and expenses of foreign subsidiaries are translated into Canadian dollars at average rates of exchange during the year.

Investments in foreign associated companies and any related debt and foreign exchange forward contracts are translated into Canadian dollars at the rates of exchange in effect at year-end. Unrealized translation gains and losses are reported in a separate component of shareholders' equity as a foreign currency translation adjustment.

Investments

Short-term investments are carried at the lower of cost and market value. Long-term investments are carried at cost and are only written down on indication of permanent impairment in the carrying value.

Management contracts and goodwill

The purchase price of acquisitions accounted for under the purchase method and the purchase price of investments accounted for under the equity method are allocated based on the fair values of the net identifiable assets acquired, including management contracts. The excess of the purchase price over the values of such assets is recorded as goodwill.

The value assigned to management contracts is amortized on a straight-line basis over 15 years. Goodwill relating to Wealth Management operations is amortized on a straight-line basis over 15 years and goodwill relating to Trust Company operations is amortized on a straight-line basis over 5 years. The carrying values of management contracts and goodwill are regularly assessed by management reviewing the discounted expected cash flows of the assets acquired as well as the related risks.

Deferred selling commissions

Selling commissions paid on mutual fund securities sold on a contingent deferred sales charge ("DSC") basis are recorded at cost and are amortized on a straight-line basis over a period which corresponds with the applicable DSC schedule (which ranges from six to eight years). Unamortized deferred selling commissions are written down to the extent that the carrying value exceeds the expected future revenue. Revenue includes the deferred sales charges received from investors when mutual fund securities sold on a DSC basis are redeemed.

Capital assets

Capital assets, which are comprised of office furnishings, computer equipment, leasehold improvements and computer software, are stated at cost, net of accumulated amortization. Amortization is computed on the following methods based on the estimated useful lives of the assets:

Office furnishings	20% declining balance
Computer equipment	30% declining balance
Leasehold improvements	straight-line over term of related lease
Computer software	straight-line over three years

Mortgages

Mortgage loans are carried at amortized cost less principal repayments, net of an allowance for mortgage losses. Interest income from mortgages is recorded on an accrual basis. Accrued but uncollected interest on uninsured mortgages is reversed when loans are placed on a non-accrual basis. Loans are classified as non-accrual when, in the opinion of management, there is reasonable doubt as to the collectibility, either in whole or in part, of interest or principal or when principal or interest is past due 90 days, except where the loan is both well-secured and in the process of collection. In any event a loan that is insured by the Federal Government or an agency thereof is classified as non-accrual when principal or interest is past due 365 days, or in the case of other loans, when they are contractually in arrears for 180 days. Thereafter, interest income is recognized on a cash basis only after specific provision for losses has been recovered and provided there is no further doubt as to the collectibility of the principal.

Stock option plans

Stock option plans are described in Note 4 (d). No compensation expense is recognized when stock options are granted or exercised. Consideration paid by employees on exercise of stock options is credited to capital stock.

2. Investment in associated company

On January 21, 1998, AGF purchased a minority interest of 30.0% (fully diluted) of NCL (Securities) Limited ("NCL") for $17,680,000 with the option to acquire majority control after three years. NCL, which is based in the United Kingdom, provides private client asset management and institutional fund management and advisory services to a broad range of clients. The purchase is being accounted for by the equity method with the results of operations of NCL included in the consolidated financial statements from the date of purchase. During 1999, the Corporation's share of the net earnings of NCL, net of amortization of goodwill, amounted to $640,000 (1998 - $820,000).

The purchase price allocation and consideration paid are summarized as follows:

	(000's)
Net assets acquired	
Net tangible assets	$ 6,575
Goodwill	11,105
	$ 17,680
Consideration paid	
Cash	$ 14,485
Loan notes (£1,361) due September 30, 2004, with an interest rate reset semi-annually based on LIBOR	3,195
	$ 17,680

The goodwill resulting from the investment is being amortized on a straight-line basis over 15 years.

To hedge its currency exposure in connection with the investment in NCL, the Corporation has entered into a foreign exchange forward contract to sell U.K. £7,000,000 on April 17, 2000 at an exchange rate of 2.4015 for CDN $16,810,000. The fair value of the forward contract at November 30, 1999 has been included in the foreign currency translation adjustment.

3. Investment in subsidiary company

On October 8, 1999 AGF, through its wholly-owned United Kingdom subsidiary, AdminSource Holdings (UK) Limited ("ASH"), acquired for $1,801,000 cash consideration, the business together with certain of the assets of a company engaged in the development and licencing of customized investment industry software. The investment is being accounted for by the purchase method of accounting with the results of operations of ASH included in the consolidated financial statements from the date of investment.

4. Capital stock

(a) Authorized capital

The authorized capital of AGF consists of an unlimited number of Class B Non-Voting Shares ("Class B shares") and an unlimited number of Class A Voting Common Shares ("Class A shares"). The Class B shares are listed for trading on The Toronto Stock Exchange. The issued and outstanding Class B and Class A shares were subdivided on a three-for-one basis on February 13, 1998. All number of shares and per share amounts have been restated to give effect to the share subdivision.

(b) Movement during the year

The movement in capital stock during 1998 and 1999 is summarized as follows:

	Number of shares issued	Amount (000's)
Class B shares		
Balance, November 30, 1997	38,051,559	$ 92,910
Issued through dividend reinvestment plan	1,728	34
Stock options exercised	498,848	2,666
Purchased for cancellation	(45,500)	(112)
Balance, November 30, 1998	38,506,635	95,498
Issued through dividend reinvestment plan	11,638	269
Stock options exercised	622,020	4,080
Purchased for cancellation	(146,800)	(370)
Balance, November 30, 1999	38,993,493	99,477
Class A shares		
Balance, November 30, 1999, 1998 and 1997	28,800	--
Total stated capital		$ 99,477

(c) Class B shares purchased for cancellation

AGF has obtained applicable regulatory approval to purchase for cancellation, from time to time, certain of its Class B shares through the facilities of The Toronto Stock Exchange. Present approval for such purchases extends through to February, 2000. It is the Corporation's intention to file for a one-year extension of the regulatory approval to purchase Class B shares for cancellation.

(d) Stock option plans

AGF has established stock option plans for senior employees under which stock options to purchase an aggregate maximum of 2,885,838 Class B shares could have been granted as at November 30, 1999. Stock options are vested to the extent of 25% to 33% of the individual's entitlement per annum.

The movement in stock options during 1999 is summarized as follows:

Expiry Date	Exercise Price	Options outstanding Dec. 1, 1998	Options granted during the year	Options exercised during the year	Options cancelled during the year	Options outstanding Nov. 30, 1999
Sep. 14,1999	$ 1.67	80,000	--	80,000	--	--
Jun. 14, 2000	1.67	33,600	--	3,600	--	30,000
Dec. 20, 2001	2.46	138,750	--	--	--	138,750
Jul. 20, 2003	4.46	238,875	--	500	--	238,375
Nov. 22, 2004	4.88	22,500	--	--	--	22,500
Jan. 5, 2005	5.54	52,500	--	7,500	--	45,000
Jan. 18, 2005	5.46	75,000	--	--	--	75,000
Dec. 7, 2000	5.60	244,707	--	99,707	--	145,000
May 3, 2001	6.35	938,300	--	297,800	--	640,500
Sep. 26, 2001	8.58	70,000	--	20,000	--	50,000
Nov. 21, 2001	10.15	295,000	--	85,000	4,000	206,000
Jun. 4, 2002	13.45	191,000	--	17,500	--	173,500
Jun. 25, 2002	14.86	34,000	--	4,000	--	30,000
Jul. 15, 2002	15.76	12,000	--	--	--	12,000
Dec. 5, 2002	20.51	6,000	--	6,000	--	--
Jan. 29, 2003	16.07	90,000	--	--	--	90,000
Jun.25, 2005	21.41	135,146	--	--	--	135,146
Jun. 25, 2003	21.41	78,068	--	413	7,862	69,793
Jul. 2, 2005	23.62	25,000	--	--	--	25,000
Jul. 2, 2003	23.62	4,240	--	--	--	4,240
Sep. 4, 2005	16.30	30,000	--	--	--	30,000
Sep. 24, 2003	16.62	6,000	--	--	3,000	3,000
Dec. 14, 2003	22.72	--	4,031	--	--	4,031
Dec. 17, 2003	22.31	--	10,000	--	--	10,000
Jan. 28, 2004	26.03	--	37,000	--	--	37,000
Jun. 24, 2006	22.53	--	168,750	--	--	168,750
Jun. 24, 2004	22.53	--	119,750	--	2,500	117,250
		2,800,686	339,531	622,020	17,362	2,500,835

During 1998, options were granted to purchase 388,569 Class B shares at per share prices ranging from $16.07 to $23.62, with expiry dates ranging from December 5, 2002 to September 4, 2005. Options to purchase 545,463 Class B shares at per share prices ranging from $1.67 to $21.41 were exercised or cancelled.

(e) Per share amounts

Basic and fully diluted earnings per share and cash flow from operations per share (as restated per note 4(a)) have been computed using the weighted average number of Class A and Class B shares outstanding during the year. Fully diluted earnings per share and cash flow from operations per share have been computed on the basis that all of the stock options had been exercised at the beginning of the year.

5. Agreements with mutual funds

The Corporation acts as manager for the AGF Funds and receives management and advisory fees from the AGF Funds in accordance with the respective agreements between the funds and the Corporation. In return, the Corporation is responsible for management and investment advisory services and all costs connected with the distribution of securities of the funds. Substantially all the management and advisory fees the Corporation earned in 1999 and 1998 were from the AGF Funds. As at November 30, 1999, the Corporation had $15,982,000 (1998 - $10,498,000) receivable from the AGF Funds. The Corporation also acts as trustee for the AGF Funds that are mutual fund trusts.

The Corporation directly provides unitholder services to the funds and is compensated for such services. These services are provided in the normal course of operations and are recorded at the amount of consideration agreed to by the parties. The aggregate unitholder services costs absorbed and management and advisory fees waived by the Corporation during the year were approximately $2,476,000 (1998 - $2,127,000).

6. Income taxes

The Corporation's effective income tax rate is comprised as follows:

Years ended November 30	1999	1998
Canadian corporate tax rate	44.6%	44.6%
Tax-exempt investment income	(0.5)	(0.2)
Rate differential on earnings of foreign subsidiaries	(6.6)	(5.7)
Amortization of management contracts and goodwill	2.3	2.9
Other	0.3	(0.5)
Effective income tax rate	40.1%	41.1%

As at November 30, 1999, certain subsidiaries of the Corporation have accumulated aggregate income tax losses of approximately $4,194,000 (1998 - $3,045,000) that may be used to reduce taxable income in the future. These tax loss carry-forwards expire between 2003 and 2006. The potential tax benefits pertaining to $360,000 of these tax losses have not been recognized in the consolidated financial statements.

7. Commitments

The Corporation is committed under operating leases for office premises (excluding amounts provided for in the financial statements) which require approximate minimum rental payments as follows:

	(000's)
2000	$ 2,761
2001	2,699
2002	2,501
2003	1,048
2004	464

8. Limited partnership financings

Selling commissions paid on certain sales of mutual fund securities of the AGF Funds made on the DSC basis ("DSC securities") have been financed by limited partnerships held by third party investors. Up to November 30, 1999, such limited partnerships have financed selling commissions of approximately $260 million in respect of such DSC securities. The Corporation is obligated to pay the relevant limited partnership an annual fee of 0.50% to 0.90% of the net asset value of DSC securities. These amounts have been deducted from management and advisory fees. The limited partnerships also receive any contingent deferred sales charges resulting from the redemption of such securities. These obligations continue as long as such DSC securities remain outstanding except for certain of the limited partnerships, in which case the obligation terminates at various dates from December 31, 2006 to December 31, 2012. For certain limited partnerships the obligation is secured by the Corporation's mutual fund management contracts to the extent of the particular obligation.

During 1998 and 1999 ten of the AGF and 20/20 limited partnerships amalgamated to form AGF Master Limited Partnership. One additional AGF limited partnership will amalgamate with AGF Master Limited Partnership in January 2000. The amalgamations did not change the Corporation's obligations in respect of the relevant DSC securities in any material respect.

As at November 30, 1999, the net asset value of DSC securities financed by the limited partnerships was $3.9 billion (1998 - $4.1 billion).

The Corporation is responsible for the management and administration of the limited partnerships. These services are provided in the normal course of operations and are recorded at the amount of consideration agreed to by the parties. The amount of fees received in 1999 was $677,000 (1998 - $785,000).

9. Bank loan

The Corporation has arranged a ten-year prime rate based revolving term loan to a maximum of $140.0 million with a Canadian chartered bank. Under the loan agreement, the Corporation is permitted to avail the term loan by direct advances and/or Bankers' Acceptances. The term loan is available at any time for a period of 364 days from commencement of the loan (the "Commitment Period"). The expiration of the current Commitment Period is June 30, 2000. However, the Corporation may request by April 15, 2000, and prior to April 15 in any calendar year thereafter, for a recommencement of the ten-year term at the expiry of the then current Commitment Period.

No repayment of the principal amount outstanding pursuant to the term loan is required during the first three years of the then applicable term. Thereafter, the loan balance shall be repaid in minimum monthly instalments of at least one-eighty-fourth of the amount of principal outstanding. Security for the loan includes a specific claim over the management fees owing from the mutual funds (subject to the existing claims of related limited partnerships) for which the Corporation acts as manager and, depending upon the amount of the loan outstanding, an assignment of AGF's investments in 20/20 Financial and AGF International Company Limited.

As at November 30, 1999, the Corporation has drawn $71.0 million against the available loan amount in the form of 11-day to 71-day Bankers' Acceptances at an effective interest rate of 5.21% per annum.

10. Interest rate swap transactions

The Corporation has entered into, for hedging purposes, three interest rate swap transactions (the "Swap Transactions") with a Canadian chartered bank. The Swap Transactions expire between October 28, 2007 and January 27, 2008. They involve the exchange of three-month bankers' acceptance floating interest rates for fixed interest rates of 5.47% to 5.56% per annum. As at November 30, 1999, the aggregate notional amount of the Swap Transactions was $70.0 million. The aggregate fair value of the Swap Transactions which represents the amount that would be paid (received) by the Corporation if the transactions were terminated at November 30, 1999 was $(1,967,000).

11. Fair value of financial instruments

(a) Wealth Management Operations

(000's)	1999 Carrying Value	1999 Estimated Fair Value	1998 Carrying Value	1998 Estimated Fair Value
Short-term investments	$ 24,427	$ 24,741	$ 6,744	$ 7,118
Other investments	1,779	4,628	1,896	5,585
	$ 26,206	$ 29,369	$ 8,640	$ 12,703

The estimated fair value of securities with an available trading market is based on their quoted market value. Investments that have no trading market are valued based on management estimates using common valuation techniques. Short-term investments include $23,100,000 (1998 - $5,310,000) in investments in various AGF Funds.

(b) Trust Company Operations

(000's)	1999 Carrying Value	1999 Estimated Fair Value	1998 Carrying Value	1998 Estimated Fair Value
Investments	$ 6,378	$ 6,018	$ 6,183	$ 5,844
Mortgages and other loans	131,753	129,569	115,513	116,770
	$ 138,131	$ 135,587	$ 121,696	$ 122,614
Deposits	$ 136,777	$ 135,415	$ 112,381	$ 114,237

The estimated fair value of securities with an available trading market is based on their quoted market value. The estimated fair value of loans and deposits is determined by discounting the future cash flow at prevailing interest rates for loans and deposits with similar terms and applicable credit risks.

As at November 30, 1999, the Corporation's mortgage and other loan portfolio was comprised substantially of fixed rate residential mortgages, of which $86.1 million is CMHC insured, with a weighted average term to maturity of 2.5 years and a weighted average yield of 7.45%. The carrying value of mortgages is net of an allowance for mortgage losses of $390,000 (1998 - $480,000).

As at November 30, 1999, deposits were comprised substantially of guaranteed investment certificates with a weighted average term to maturity of 2.4 years and a weighted average interest rate of 5.58%.

(c) Other financial assets and financial liabilities of the Wealth Management Operations and Trust Company Operations are recorded at cost, which approximates fair value.

12. Supplemental disclosure of cash flow information

Interest payments in 1999 were $10,628,000 (1998 - $10,645,000).
Income tax payments in 1999 were $8,439,000 (1998 - $6,590,000).

13. Year 2000

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Corporation's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of customers, suppliers or other service providers, will be fully resolved.

BALANCE SHEETS

(in thousands of dollars)

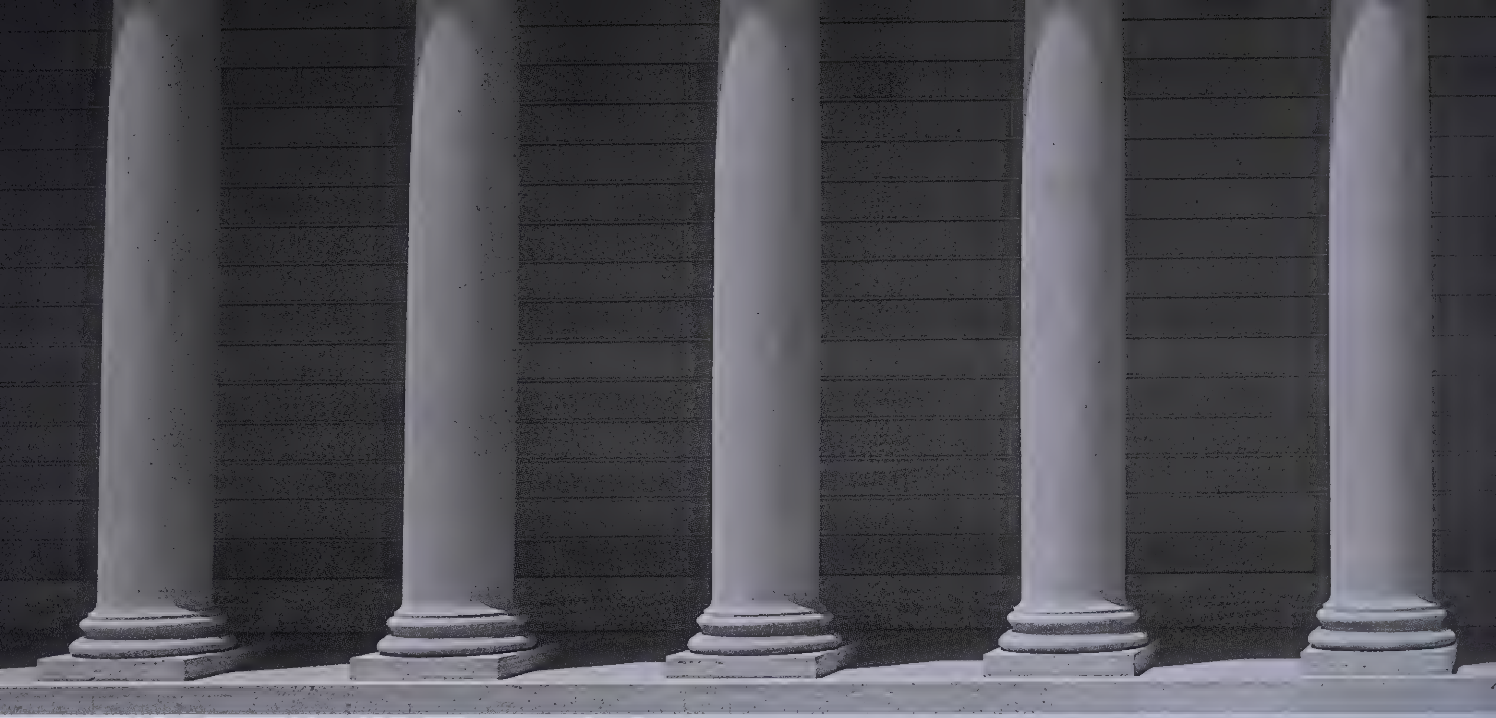
as at December 31	1999	1998
ASSETS		
Cash and short-term investments	$ 11,244	$ 7,619
Securities	6,290	6,195
Mortgages receivable	134,112	116,211
Consumer loans receivable	1,866	--
Accrued interest receivable	772	706
Accounts receivable	1,062	850
Income taxes recoverable	161	--
Deferred charges	832	609
Capital assets	133	237
Other assets	35	96
TOTAL ASSETS	$ 156,507	$ 132,523
LIABILITIES		
Deposits		
Demand deposits	$ 1,506	$ 907
Short-term deposits	3,991	673
Guaranteed investment certificates	130,898	111,939
	136,395	113,519
Accounts payable and accrued liabilities	3,899	3,736
Income taxes payable	--	72
Deferred income taxes	426	385
Deferred income	92	74
	140,812	117,786
SHAREHOLDER'S EQUITY		
Capital stock	9,700	9,700
Retained earnings	5,995	5,037
	15,695	14,737
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	$ 156,507	$ 132,523

CONSOLIDATED TEN-YEAR REVIEW

	1999	1998	1997	1996
Operations ($000)				
Total revenue	356,703	288,822	236,759	178,993
Net income	61,710	48,777	40,489	22,403
Dividends	11,642	9,970	6,491	6,272
Financial Position ($000)				
Working capital	55,348	40,186	30,903	5,476
Long-term debt	72,048	81,422	38,000	60,000
Shareholders' equity	284,244	233,383	192,173	115,565
Return on equity[1]	23.8%	22.9%	21.1%	19.4%
Per Share ($)				
Net income basic	1.59	1.27	1.09	0.74
Dividends	0.30	0.26	0.17	0.20
Book value	7.28	6.06	5.05	3.70
Mutual fund assets under administration ($000,000)	18,966	15,015	12,429	10,075

[1]For 1998-1999 net income as percentage of average shareholders' equity for the year. For 1990-1997 net income as percentage of shareholders' equity at end of year.

1995	1994	1993	1992	1991	1990
87,628	79,938	58,475	42,912	37,645	37,998
16,896	15,898	9,905	4,900	4,755	5,239
6,159	3,916	3,395	2,886	2,881	2,877
84,638	67,455	74,219	12,936	14,121	15,620
72,950	72,950	72,950	22,950	22,950	22,950
62,366	52,164	39,976	33,237	31,114	29,040
27.1%	30.5%	24.8%	14.7%	15.3%	18.0%
0.69	0.65	0.41	0.20	0.20	0.22
0.25	0.16	0.14	0.12	0.12	0.12
2.51	2.12	1.64	1.38	1.29	1.21
4,471	4,076	3,636	2,273	1,658	1,443



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